

# **Internal Financial Controls**

## **Jeffreyston Community Council**

### **Introduction**

Community councils play a vital role in local governance, managing public funds to support community activities and services. To safeguard public money and maintain public trust, it is essential that robust internal financial controls are in place. This document outlines the key internal financial controls that Jeffreyston Community Council should implement.

**The Community Council is required to carry out an annual review of its internal financial controls**

### **1. Governance**

- Clear Financial Policies: Adopt written financial policies covering all aspects of financial management, including income, expenditure, banking, procurement, and asset management.
- Segregation of Duties: Separate responsibilities among different members to reduce the risk of error or fraud. The person who approves expenditure should not be the same person who makes payments or reconciles bank statements.
- Regular Meetings: Hold regular council meetings with financial matters as a standing agenda item. Ensure minutes clearly record all financial decisions and approvals.
- Appointment of Responsible Officers: Appoint a responsible financial officer (RFO) to oversee day-to-day financial operations and maintain accurate records.

### **2. Budgeting and Planning**

- Annual Budget: Prepare and approve an annual budget before the start of each financial year. The budget should forecast income and expenditure and be reviewed against actuals throughout the year.
- Precept Setting: Ensure the process for setting the precept is transparent, justified, and well-documented.
- Financial Planning: Include medium and long-term financial planning to anticipate future needs and commitments.

### **3. Income Controls**

- Maintain a register of income, including grants, donations, and other funds.
- Grant Management: Keep detailed records of grants received and ensure funds are used in accordance with grant conditions.

### **4. Expenditure Controls**

- Authorisation: Require all payments to be authorised by the council. Ensure authorisation is recorded in meeting minutes along with the relevant statutory power if possible. Orders for goods and services are issued in accordance with the approved Financial Regulations.
- Dual Signatures: Cheques require two authorised signatories and the cheque stub initialled by both. There will be no signed blank cheques held at any point
- Supporting Documentation: All payments must be supported by invoices or receipts. Payments are recorded electronically in the receipts and payments ledger and each payment cross referenced with the cheque number. Retain documentation for audit purposes.
- Petty Cash: Maintain petty cash log book and perform regular reconciliations.

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**5. Banking Arrangements**

- Reconcile bank statements to accounting records at least monthly and submit quarterly bank reconciliation to full council for approval, at which time the Chair and other members can inspect the Receipt and Payments ledger together with invoices and cheque books. Quarterly, an appointed Councillor will select invoices which will be reviewed against the payments and receipts records for accuracy. Any discrepancies must be investigated and resolved promptly.

**6. Asset Management**

- Asset Register: Maintain an up-to-date register of all council assets, including their purchase costs, insurance value and location.
- Periodic Review: Physically verify assets at least once a year and update the register accordingly.

**7. Financial Reporting and Audit**

- Regular Reporting: Present financial reports at council meetings, including quarterly budget comparisons, bank reconciliations, and details of receipts and payments.
- Annual Accounts: Prepare annual accounts in line with statutory requirements. Submit these on time and within the guidelines provided for independent internal audit and external audit.
- Transparency: Publish financial statements and audit reports, making them accessible to the public as required by law.

**8. Risk Management and Fraud Prevention**

- Risk Assessment: Conduct regular risk assessments, at least annually, to identify financial risks and implement controls to mitigate them.
- Insurance: Maintain adequate insurance cover for assets, public liability, and fidelity guarantee.
- Whistleblowing Policy: Set up a process for reporting concerns about financial misconduct or irregularities.

**9. Training and Continuous Improvement**

- Member Training: Provide training for council members and staff on financial control and governance responsibilities.
- Policy Review: Regularly review and update financial procedures and policies to reflect changes in legislation, best practice, and council needs.

**10. Compliance with Legal and Regulatory Requirements**

- Statutory Compliance: Ensure compliance with relevant laws such as the Local Government Act, Audit Regulations, HMRC
- Data Protection: Safeguard financial data in accordance with GDPR and other data protection legislation.

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**Conclusion**

By implementing these internal financial controls, a community council can demonstrate prudent management of public funds, minimise the risk of error or fraud, and ensure compliance with government requirements. Regular review and adaptation of these controls will help maintain high standards of financial governance and public confidence.

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Signed:

Chair: A Morgan 01.12.25

Clerk: M Everall (A/Clerk) 01.12.25

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